

AMENDED IN ASSEMBLY APRIL 21, 2009

AMENDED IN ASSEMBLY APRIL 16, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## ASSEMBLY BILL

**No. 304**

---

### Introduced by Assembly Member Price

February 17, 2009

---

An act to amend Section 8222 of the Education Code, relating to child care and development.

#### LEGISLATIVE COUNSEL'S DIGEST

AB 304, as amended, Price. Child Care and Development Services Act: alternative payment programs.

The Child Care and Development Services Act, administered by the State Department of Education, provides that children up to 13 years of age are eligible, with certain requirements, for child care and development services. The act requires the department to contract with local contracting agencies to provide for alternative payment programs, and authorizes alternative payments to be made for services provided in licensed centers and family day care homes; for care provided in the child's home, and for other types of care that conform to applicable law. *The act prohibits payments made by alternative payment programs from exceeding the applicable market rate ceiling, but allows alternative payment programs to expend more than the standard reimbursement rate for a particular child, provided that the aggregate payments for services purchased by the agency during the contract year do not exceed the assigned reimbursable amount as established by the contract for the year.*

This bill would *delete that authority to expend more than the standard reimbursement rate for a particular child. The bill, in addition, would require an alternative payment program to establish a program of direct deposit by electronic transfer banking for payments made to licensed and license-exempt family day care homes, and to implement that program no later than 6 months one year after this act the bill takes effect.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) The state has a responsibility to ensure accountability,  
4 transparency, and efficiency regarding funds allocated for the  
5 provision of subsidized child care for working families.

6 (b) The program operated by the state should be cost-effective,  
7 streamlined, and simple to administer in order to ensure adequate  
8 care for children placed in family day care homes, while not placing  
9 undue burdens on the providers.

10 (c) The state has a compelling interest in retaining quality family  
11 day care providers and promoting best practices, fiscal  
12 accountability, and reducing fraud and waste in California's system  
13 of subsidized child care.

14 SEC. 2. Section 8222 of the Education Code is amended to  
15 read:

16 8222. (a) Payments made by alternative payment programs  
17 shall not exceed the applicable market rate ceiling. ~~Alternative~~  
18 ~~payment programs may expend more than the standard~~  
19 ~~reimbursement rate for a particular child. However, the aggregate~~  
20 ~~payments for services purchased by the agency during the contract~~  
21 ~~year shall not exceed the assigned reimbursable amount as~~  
22 ~~established by the contract for the year.~~ An agency shall not make  
23 payments in excess of the rate charged to full-cost families. This  
24 section does not preclude alternative payment programs from using  
25 the average daily enrollment adjustment factor for children with  
26 exceptional needs as provided in Section 8265.5.

27 (b) Alternative payment programs shall reimburse licensed child  
28 care providers in accordance with a biennial market rate survey

1 pursuant to Section 8447, at a rate not to exceed the ceilings  
2 established pursuant to Section 8357.

3 (c) An alternative payment program shall reimburse a licensed  
4 provider for child care of a subsidized child based on the rate  
5 charged by the provider to nonsubsidized families, if any, for the  
6 same services, or the rates established by the provider for  
7 prospective nonsubsidized families. A licensed child care provider  
8 shall submit to the alternative payment program a copy of the  
9 provider's rate sheet listing the rates charged, and the provider's  
10 discount or scholarship policies, if any, along with a statement  
11 signed by the provider confirming that the rates charged for a  
12 subsidized child are equal to or less than the rates charged for a  
13 nonsubsidized child.

14 (d) An alternative payment program shall maintain a copy of  
15 the rate sheet and the confirmation statement.

16 (e) A licensed child care provider shall submit to the local  
17 resource and referral agency a copy of the provider's rate sheet  
18 listing rates charged, and the provider's discount or scholarship  
19 policies, if any, and shall self-certify that the information is correct.

20 (f) Each licensed child care provider may alter rate levels for  
21 subsidized children once per year and shall provide the alternative  
22 payment program and resource and referral agency with the updated  
23 information pursuant to subdivisions (c) and (e), to reflect any  
24 changes.

25 (g) A licensed child care provider shall post in a prominent  
26 location adjacent to the provider's license at the child care facility  
27 the provider's rates and discounts or scholarship policies, if any.

28 (h) An alternative payment program shall verify provider rates  
29 no less than once a year by randomly selecting 10 percent of  
30 licensed child care providers serving subsidized families. The  
31 purpose of this verification process is to confirm that rates reported  
32 to the alternative payment programs reasonably correspond to  
33 those reported to the resource and referral agency and the rates  
34 actually charged to nonsubsidized families for equivalent levels  
35 of services. It is the intent of the Legislature that the privacy of  
36 nonsubsidized families shall be protected in implementing this  
37 subdivision.

38 (i) The department shall develop regulations for addressing  
39 discrepancies in the provider rate levels identified through the rate  
40 verification process in subdivision (h).

1 (j) (1) An alternative payment program shall establish a program  
2 of ~~direct deposit by electronic transfer~~ *electronic banking* for  
3 payments made to *licensed or license-exempt* family day care  
4 homes that have a contract with that alternative payment program.  
5 A family day care home *provider* may choose to receive payments  
6 via ~~direct deposit~~ *electronic banking* at the family day care home  
7 provider's option. The family day care home provider may, *but is*  
8 *not required to*, authorize payment to be directly deposited by  
9 electronic fund transfer into the family day care home provider's  
10 account at the financial institution of his or her choice.

11 (2) Nothing in this subdivision shall preclude an alternative  
12 payment program that has ~~a direct deposit~~ *an electronic banking*  
13 program in place prior to the effective date of this subdivision from  
14 continuing to require a provider, *including child care centers and*  
15 *family day care homes*, to accept direct deposit or another form of  
16 electronic payment after the effective date of this subdivision.

17 (3) An alternative payment program shall implement ~~a direct~~  
18 ~~deposit~~ *an electronic banking* program pursuant to this subdivision  
19 no later than ~~six months~~ *one year* from the effective date of this  
20 subdivision.